

# InsideTVA

TVA's Leadership Standard: Achieve Excellence in Business Performance and Public Service

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AUTHORITY

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TVA: Seven Decades of Service

Volume 24, Issue 11

## Strategic Plan designed to direct future of TVA

*Meetings with stakeholder groups  
share information, seek input*

**T**VA has begun sharing with stakeholders a draft of its strategy for future business success — a strategy considered among the most important pieces of planning in the corporation's 70-plus-year history.



Continuing  
debt reduction

Theresa Flaim, Senior Vice President of Strategic Planning & Analysis, has been meeting with employees and retirees to discuss the draft Strategic Plan and to solicit input for the final plan to be released at the end of the calendar year. Meetings also are under way with other stakeholders, including customers and public officials.

"With the deregulation of the electric-utility industry, we expect distributors to be able to choose to buy power from suppliers other than TVA, and our sales and revenues will be more volatile than they are now," Flaim says.

"The Strategic Plan considers what TVA's new business environment might look like and provides a high-level framework for how TVA needs to change in order to be successful in that new environment."

Within that framework TVA will do annual business planning and set budgets and performance targets.

The plan is based on rigorous quantitative analysis, much of which is competitive data that must be kept confidential. Overall, however, the analysis identified the following four key areas on which TVA needs to focus:

1) Developing new pricing structures, services and contract terms better suited to a more competitive market.



CLETUS MITCHELL

*Barbara Ruggiero, Senior Manager of Information Services Business Development, listens intently as Theresa Flaim discusses TVA's Strategic Plan with employees in Knoxville Oct. 1.*

2) Addressing issues that affect TVA's transmission business, including how to interface with surrounding markets to ensure reliability and how to charge for transmission services inside the Tennessee Valley when distributors can choose other suppliers.

3) Meeting accelerated targets for debt reduction — \$3 billion to \$5 billion over the next 10-12 years — so TVA has the

*See "Strategic plan" on page 2*

### what's new

IN EMPLOYEE NEWS

#### Employee meeting Oct. 30 to be broadcast across TVA

A TVA-wide employee business meeting is scheduled on Thursday, Oct. 30, at 9:30 a.m. EST, 8:30 a.m. CST.

The meeting will originate from Knoxville's West Tower Auditorium and will be broadcast to employees at many TVA locations.

It will include a question-and-answer session. Advance questions can be submitted until close of business Friday, Oct. 17, to a special e-mailbox listed in Outlook as "Annual Employee Business Meeting."

To reach second-shift employees unable to attend the morning meeting, a taped version of the meeting will be broadcast at 5 p.m. EST, 4 p.m. CST.

Employees unable to attend either session can order videotapes of the meeting. Or employees at some locations can view it from their desktop using Streaming Media.

A list of the broadcast sites is being posted on TVA's internal Web site.

Watch for further details in TVA's daily electronic newsletter, *TVA Today*.

## TVA has your (new ID) number; you should, too, by now

**E**mployees should have received at their home address last week their new Employee Identification Number.

The EINs are the result of TVA's growing concern about privacy issues and identity theft, involving Social Security Numbers.

Human Resources Executive Vice President John Long says a phased approach is planned to implement the EINs first in areas with the greatest exposure.

"Phase I includes establishing an EIN for each employee and contractor

in the Human Resources Information System, and the first areas where employees can expect to see their EIN being used will be training and education, as well as open-enrollment information," Long says.

"As of Oct. 6, training reports and rosters and information on open enrollment now display the EINs, instead of Social Security Numbers."

He says Phase II will include replacing SSNs with EINs for all information systems that read or access data from HRIS and have no critical business need to use an SSN.

The HR Data Warehouse and SelfService Solutions will begin using the EINs in February 2004.

"TVA will continue to use SSNs where required by law, such as for payroll and tax-reporting purposes," he says.

When completing training, rosters, logging in to systems and the like, employees will have the option of using either their new, nine-digit, alpha/numeric EIN or their SSN for identification internally.

Those who did not receive an EIN in the mail should contact the Employee Service Center. — JIM ANDREWS

**October is National Disability Employment Awareness Month — See 'Employee of Year' article on page 8**

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Comments and suggestions are welcome. Send them to *Inside TVA*, ET 6E-K (400 W. Summit Hill Dr., Knoxville, TN 37902), or call 865-632-8021.

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## Strategic plan continued from page 1

financial flexibility to thrive in a more dynamic market.

4) Maintaining and operating the TVA power system so customers can count on a safe and reliable power supply.

"The Strategic Plan clearly indicates the need to build more financial flexibility so we can weather the greater volatility of revenues that comes with competition," Flaim says.

"Simply stated, financial flexibility means having lower fixed costs so a company can survive tough times. As we reduce debt, we lower our fixed costs."

Already, TVA is reviewing all staffing levels and programs to find opportunities to reduce costs this fiscal year and in planning for fiscal year 2005.

TVA's leadership has committed to communicating as quickly and fully as possible about operational or organizational changes that result.



*As employees in Knoxville listen, Senior Vice President of Strategic Planning & Analysis Theresa Flaim talks about TVA's draft Strategic Plan and what TVA must do to meet the future challenges of competition.*



CLETUS MITCHELL

### Past experience helps plan future

Theresa Flaim, Senior Vice President of Strategic Planning & Analysis, came to TVA in June 2002 from a similar position with Niagara Mohawk.

A nationally recognized expert on electric-industry restructuring and regulation, she has doctorate and master's degrees in resource economics from Cornell University and a bachelor's in history from the University of Missouri-Columbia.

### what's new online

#### Strategic Plan available

Employees can access a copy of the draft Strategic Plan, along with frequently asked questions about it, on TVA's external Web site, [www.tva.com](http://www.tva.com). Employees are encouraged to submit questions and comments about the plan by e-mail to [strategicplanempques@tva.gov](mailto:strategicplanempques@tva.gov). Responses will be posted on the Web site.

## Winning in a competitive environment

*Mike Rescoe is TVA's Chief Financial Officer and Executive Vice President of Financial Services. A 25-year finance veteran, he has a track record of success in the energy sector and with the Wall Street investment community. Rescoe joined TVA on June 30, 2003. The contributions of Rescoe and his staff have been essential to the development of the draft TVA Strategic Plan. Here are his comments on TVA and the plan:*

**T**VA is a great company, and I am proud to be here. TVA's legacy is unparalleled in the production and delivery of affordable power, integrated river management, and regional development. Unfortunately, a rich history does not ensure success in tomorrow's marketplace.

The TVA mission is truly a great one, and continuing that mission requires that TVA have the ability to thrive in the competitive business environment that industry restructuring will bring. This means all of us must work toward developing the increased financial flexibility TVA needs to win in a competitive market.

Throughout its history, TVA has had a virtual monopoly over power sales to distributors in the Tennessee Valley. Now, distributors are telling us they want

the option of choosing suppliers other than TVA in the coming years, and that means we can expect TVA's sales and revenues to become more volatile than ever before.

In my role, I have the responsibility to ensure that TVA's financial structure will provide the flexibility we need to weather those conditions.

One element of financial structure is the size of our fixed obligations. Currently, our level of debt and other forms of financial obligations — and the fixed charges on them — limits TVA's financial flexibility and its opportunity to succeed in a competitive market. A key element in the draft TVA Strategic Plan is the need to accelerate debt reduction so that we gain the necessary financial flexibility.

The plan calls for debt reduction of \$3 billion to \$5 billion over the next 10-12 years. Achieving this goal means reducing expenses, increasing productivity and evaluating everything we do with an eye to the future.

My first 60 days on the job were devoted to finalizing the FY 2004 budget, and I am proud to be able to report that every TVA organization helped by identifying savings for debt reduction during the new fiscal year.

Now, as we enter FY 2004, we are

re-examining every opportunity to further reduce costs and increase efficiency, and we are beginning a budget process for FY 2005 that will enable us to meet the financial flexibility called for in the Strategic Plan.

The senior management team is in the process of identifying specific annual debt-reduction targets that support the level of debt reduction called for in the TVA Strategic Plan.

TVA's mission will not change. Energy, the environment and economic development will still define TVA.

How we accomplish this mission in a competitive market will change, however; and there will be tough choices to make in the coming months and years.

Ultimately, we must make the right choices and ensure that TVA continues as an industry leader and a valuable resource for the Tennessee Valley.

— MIKE RESCOE



*Chief Financial Officer  
Mike Rescoe*



## WP outlook improves, FY '03 outcome nearing

The outcome hangs in the balance ... . For TVA employees, the balance specifically refers to the Winning Performance balanced scorecard, and the outcome will be a reflection of TVA's successes in the just-ended fiscal year.

Chairman Glenn McCullough is expected to announce the final results for the WP TVA Scorecard and Team Incentive Plan during the TVA-wide meeting Oct. 30 in Knoxville.

Employees will be rewarded for every scorecard goal that was achieved.

The August scorecard reflected several positive trends:

- The Delivered Cost of Power forecast improved to 4.13. And if there was an additional savings of \$5 million by the end of fiscal year 2003, that would move the number to 4.12, which will meet the target goal.

- The Debt Burden arrow moved to an upward position on the August scorecard, based on a corrected decrease of net winter dependable capacity from 132 megawatts to 86 MW.

- Productivity numbers were \$5.7 million over plan due to adjusted nonfuel operations-and-maintenance costs. However, the measure was expected to have been on target by the end of September.

- The Watershed Water Quality forecast improved to 519, which is between the target goal of 515 and the mid goal of 523. — GAIL COX

## Winning Performance

### TVA's Six Strategic Objectives



River and the environment



Affordable, reliable power



Sustainable development



Continuing debt reduction



Reducing TVA's delivered cost of power



Stakeholder relations

### TVA Balanced Scorecard for August 2003

Financial	Weight	Status	Actual YTD	Plan YTD	Year-End Forecast	GOALS		
						Target*	Mid	Stretch
• Delivered Cost of Power (¢/kWh)	15%	↓	4.08	4.07	4.13	4.12	4.07	3.99
• Debt Burden (\$ million/kW)	15%	↑	819	808	808	808	807	805
• Productivity (\$/mWh)	10%	↑	8.23	8.20	8.48	8.58	8.41	8.24
<b>Customer</b>								
• Customer Satisfaction (percent)	10%	↑	83.4	80	80	80	82	84
• Economic Development (percent)	10%	↑	118	100	110	100	102	105
<b>Operations</b>								
• Asset Availability (ratio of variance)	20%	→	0.897	0.923	0.965	1.000	1.005	1.010
• Watershed Water Quality (number of watersheds)	10%	↓	510	515	519	515	523	530
<b>People</b>								
• Safe Workplace**		↓						

#### Notes:

\* Target equals Performance Plan Target.

\*\* Payout at any performance level is contingent upon no fatalities. A fatality on March 25 will prevent any payout at the TVA level for this indicator.

#### Status:

↑ = Forecast at or better than Target and YTD is OK

→ = Caution, Actual YTD is worse than Planned YTD

↓ = Forecast worse than Target

The August scorecard was posted on the Winning Performance portion of TVA's internal Web site on Sept. 16.

## Matching means with needs to deliver the goods

### Transportation Planning plots courses saving \$2.5 million a year

Load control's a continuous concern for Phil Essary and his small staff in Chattanooga.

Not the load control directly responsible for meeting power demands on the TVA system. Essary's team controls the loads of transported equipment and supplies that keep TVA's organizations going, so they can keep the power flowing.

"Our objective is to match the correct means of transportation with a plant's or facility's need for anything from computer software to a transformer," says Essary, Manager of Transportation Planning in Administration's Procurement organization.

He says process redesign of TVA's freight-management system is achieving cost-avoidance of about \$2.5 million a year, helping reduce TVA's delivered cost of power.

"It used to cost \$350 for each shipment of coal samples from Shawnee and Paradise fossil plants for analysis at TVA's Central Labs. Next-day delivery is required, and FedEx considers the samples hazardous material when shipped by air, making the cost higher."

A trucking company now provides next-day service for about \$50 a shipment.

Essary's staff consists of Scheduling Specialist Joel Fowler and Transportation Specialist Barbara Carroll. Transportation Services Truck Driver Foreman Tony Perry is the fourth team member.

"We're cost-conscious, but we're also customer-conscious," Essary says. "We never want to impact a project, to save transportation dollars. We'll consult with a customer to determine exactly what's needed."



From left, Phil Essary, Tony Perry, Truck Driver James Robertson, Barbara Carroll and Joel Fowler

Daily decisions must be made on which mode of transportation is best — from trucks and trains to boats and planes — for every shipment.

"We check TVA's internal resources first, Transportation Services and the Heavy Equipment Division, to see if that's the right business decision, because our drivers are more flexible."

Emergencies create instant needs for parts or

equipment at any hour.

"We work a lot at night and on weekends," Essary says. "We must be available 24-7. Several years ago when we used pagers instead of cell phones, I was in Neyland Stadium watching my football Vols play Alabama when a page came in.

"I'll tell you, it wasn't easy to walk out to find a phone." — JIM ANDREWS



Reducing TVA's delivered cost of power

# A day in the life of TVA Hydro

## Work at Wilson and other dams producing power — and pride

**A**nn Ticer, the first female to qualify and work as a Senior Operator there, says of Wilson Hydro Plant, “It’s the oldest, biggest, and, yes, the best plant in the TVA hydro system.”

Ticer’s opinion in the latter category is likely to be challenged by employees at the other 28 power-producing dams that provide about 8 percent of TVA’s electricity. Hydro plants produce a lot of pride, along with power.

And the dams provide additional benefits. Besides power, they reduce flood risk, support recreation and improve navigation and water supply.

All 29 TVA hydropower plants are being automated to reduce operations-and-maintenance costs and to increase efficient operation of the units. TVA’s multi-skilling program has expanded opportunities for employees affected by plant automation.

“We have 18 employees in the multi-skilling program,” says Wilson Hydro Plant Manager Mike Jones. “Our Outage Coordinator, David Wilson, and seven other Wilson employees have achieved Level IV qualification in the program.”

Wilson, a 25-year employee with 20 years in hydro operations, works closely with Planning & Scheduling Coordinator James Moore to schedule all outage work at the facility.

“Planning work for hydro plants involves more than just our organization,” Moore says. “Hydro plants are so deeply integrated in overall reservoir operations, it seems everyone at TVA is interested in when we plan our activities.”

River Operations, Transmission/Power Supply, the Power Service Shops and, sometimes, even the U.S. Army Corps of Engineers, all have a stake in when and how hydro plants are operated.

Here, on these pages, are some examples of what goes on in a typical day at a TVA hydro plant (more photos are available in the online version of *Inside TVA*):

*Text & photos by Terry Johnson*

*Wilson Hydro Plant Manager Mike Jones takes time to sign birthday cards for plant employees. “Employees often feel more open to talk with me about the plant and their work when I have birthday lunch with them,” Jones says.*



*ABOVE AND ABOVE RIGHT: Plant Clerk Shirley Eady checks out equipment to Machinist Keith Scott, who then cleans the large servo (an automatic control system) that regulates the flow of water to the Unit 4 turbine. Oil leaks, such as the one that required the servo repair, pose potential risk for polluting the river.*

## Feature



*FAR LEFT: Machinist Randy Gist gets inside the governor housing of the turbine generator to access some parts needing oil. The mechanical components of the governor need routine maintenance including frequent oiling of dashpots and other moving parts.*

*LEFT: Painter Foreman Keith Kelley reaches high to show Painter Sid Graves an opening in a concrete wall that needs to be sealed. Unsealed openings in walls where pipes and conduit pass through allow smoke and fire to pass from one room or space to another. The fire at Watts Bar Hydro Plant in September 2002 provided valuable lessons in how to improve plant and personnel safety.*



*LEFT: With more than 19,000 square feet of floor space, a mop and bucket aren't enough to keep up with the cleaning. Custodian Pat Holt uses a sweeping machine to wash and squeegee the floor of the turbine room.*



*ABOVE TOP: Nickajack Fire Academy Safety Training Instructor Rob Traub shows Wilson Hydro employees how to operate a fire hose. The priority of fire protection increased for TVA's hydropower-plant employees after the fire at Watts Bar Hydro. Additional training includes hands-on experience with hoses.*



*ABOVE: Safety is everyone's responsibility, according to Jimmy Richardson, reviewing a draft document with Melodie Bridges. She is a student at the University of North Alabama, working with the office staff at Wilson during her internship with TVA. As the plant's safety coordinator, Richardson briefed crew foremen of manufacturer defects and recall of fire-resistant shirts during their morning toolbox meetings.*



*ABOVE: In the control room, Senior Operator Joey Bridges starts Unit 19 and places it on the TVA power grid. Bridges worked in Wilson's electricity dispatch center until it was closed in 1996. Before modernization and automation, TVA had four such dispatch centers around the Tennessee Valley.*

### FastFacts about Wilson Hydro Plant and Wilson Dam

- Dam was named for President Woodrow Wilson.
- Construction by U.S. Army Corps of Engineers began April 14, 1918.
- Reservoir began filling April 14, 1924.
- Dam acquired by TVA from the War Department on May 18, 1933.
- Dam height is 137 feet, length 4,541 feet.
- Wilson is TVA's largest conventional hydro plant.
- Winter net generating capacity is 629,000 kilowatts.
- Plant has 21 generating units.
- About 13 million tons of cargo is locked through Wilson Dam each year.

## ACROSS TVA

Across TVA highlights news, achievements and activities of TVA organizations. E-mail submissions to Suzanne Cottrell on Microsoft Outlook or send them to her at ET 6A-K. Digital photographs can be e-mailed to the Employee Communications Photos mailbox in Microsoft Outlook.



**Knoxville** — From left, Team TVA volunteers Saundra Gill, Louise Scott, Barbara Armstead and Lois Irwin pack boxes with Knoxville employees' donations of food for the Salvation Army and clothing for Child & Family, Tennessee, and the Career Closet, operated by St. James Episcopal Church. The collection was a Day of Caring activity Sept. 11 for the Smoky Mountain Region Combined Federal Campaign.

**Procurement** — Procurement recently accepted the 2003 Corporate Award from the Decatur/Morgan County (Ala.) Hospitality Association, recognizing TVA's contribution to travel and tourism in the area.

**River System Operations & Environment** — At its Sept. 10-11 meeting in Knoxville, the Regional Resource Stewardship Council heard presentations on outdoor recreation from TVA, the U.S. Army Corps of Engineers, the National Park Service, the National Forest Service, Georgia Power, KOA, the State of Tennessee, and the cities of Chattanooga and Kingsport • Also last month in Nashville, TVA hosted the Electric Power Research Institute's Eighth Steam Turbine/Generator Workshop & Vendor Exposition. Kate Jackson, RSO&E Executive Vice President, delivered the keynote address, "The Strategic Value of Asset Preservation," to the more than 200 conference attendees. Steam turbines produce about 90 percent of the electricity generated by TVA.

**Transmission/Power Supply** — TPS has reviewed Transmission Function responses and comments from the Directly Served Customer Relationship Survey. The review identified potential opportunities for improvement on six directly served accounts, and TPS has scheduled visits with five of the six. During the visits, a TPS representative and the respective Industrial Marketing Account Manager will further clarify transmission-related issues and develop a plan of action for improvement. TPS plans to use this approach as a model for working with dis-

**Customer Service & Marketing** — Customer Service West received the "Golden Apple Chamber Award" on Sept. 5 at the Jackson Area Chamber quarterly meeting. The award recognized TVA's participation in 10 major activities over the past year with Partner In Education Jackson Central-Merry High School. The school received a \$500 award from the chamber.

**John Sevier Fossil Plant** — On Oct. 1, John Sevier hosted its annual celebration to recognize employees for accomplishments during the past fiscal year. The year's accomplishments span four categories including safety, operational, financial stewardship and community support. Some of the plant's milestones include going 13 years without a lost-time injury, meeting its goal in water-chemistry capability, being forecast to meet or be under the nonfuel maintenance/operating budget, and working at Partner In Education Keplar Elementary School.



**Widows Creek Fossil Plant** — Buford Allison (left) and David Mulkey remove vegetation from a backyard pond at the Jackson County ARC Achievement Center as part of a Sept. 11 Combined Federal Campaign Day of Caring. Allison and Mulkey were among Widows Creek volunteers who installed a new pump and liner in the pond.

## Around the industry

This feature provides brief highlights of events in the electric-utility industry. More information is available in PowerBolts!, accessible through TVA Today.

**Cinergy pledges 5-percent volunteer emissions reduction** — One of the nation's largest coal-fired electric utilities has pledged to cut its emissions of carbon dioxide and other so-called "greenhouse gases" by 5 percent, the first of four power companies participating in a Bush Administration program to announce specific voluntary reductions to help combat global warming. (*Wall Street Journal*)

**EPA's NSR rule to have little effect on company credit** — Standard & Poor's Ratings Agency said the EPA's revisions to the Clean Air Act's new-source-review regulations would have little effect on electric utilities' credit but could reduce power-plant costs in the long run. The NSR final rule EPA recently issued more broadly defined what constitutes "routine maintenance," allowing plant operators to perform more extensive work on older plants without triggering stricter emission-control requirements. (*PowerBolts!*)

**Cinergy pushing to make Ohio ratepayers pay for clean air** — Cinergy plans to pursue legislation in Ohio that would enable the state's electric utilities to recover from ratepayers' environmental expenditures related to the operation of coal-fired plants in the state. James Rogers, chairman and CEO, said he hopes to involve AEP and FirstEnergy in the effort. Cinergy estimated it is spending about \$800 million to reduce emissions of nitrogen oxides. (*PowerBolts!*)

**East Kentucky allowed to pull bid to join MISO** — The Kentucky PSC allowed East Kentucky Power Cooperative to withdraw its application to join the Midwest Independent Transmission System Operator. A co-op spokesman said the company had a change of heart about transferring operational control of its transmission facilities to MISO after re-evaluating the economics of such a move. (*PowerBolts!*)

## Cutting costs by managing TVA's use of contractors

Nearly 1,800 TVA employees have retired in the past two years.

The scope and schedule of projects like the restart of Browns Ferry Nuclear Plant Unit 1 and installation of selective-catalytic-reduction systems require many more hours than the TVA workforce can provide.

These are just two examples of why it makes good business sense for TVA to supplement its existing workforce with contractors for peak workloads and for spe-

cialized expertise unavailable within the TVA workforce.

But it also makes good business sense for TVA to have a single policy outlining guidelines, a standardized process for use by all TVA organizations and a single database to store all contractor-related information.

Last February, Administration launched a TVA-wide initiative to address this issue.

The result is a new policy and process that will optimize the management of TVA's contractor workforce.

The core team, led by Procure-

ment, with participation from the Chief Operating Officer's organization and Information Services, has been documenting TVA's current processes.

The team also has been benchmarking other companies to see how they handle this complex topic, developing a new TVA-wide policy and designing a new process to help TVA address this issue.

The core team is supported by Subject Matter Experts in each major organization.

"Among other things, our team has discovered there are at least 19 different

processes or systems in place throughout TVA for managing the contractor workforce," says Carolyn Burkhart, Senior Project Manager of the Contractor Workforce Management Project.

Implementation of the new policy and process is now under way. The policy is one way TVA is responding to the challenges outlined in its draft Strategic Plan (see story on page 1).

(Highlights of the new Contractor Workforce Management Policy are available with the Inside TVA online version of this article at [www.tva.com](http://www.tva.com).)

# Benefits open enrollment scheduled Nov. 3-24

The annual benefits open-enrollment period for employees will be Nov. 3-24, with coverage elected during that period to be effective Jan. 1. Employees are reminded of the two easy ways to enroll — through Employee SelfService on TVA's internal Web site or through the toll-free telephone enrollment line at 1-888-275-8094.

"Your benefit elections for 2003 will continue for 2004 unless you make a change to your elections during open enrollment," says Gary Napier, Senior Manager, Employee Benefits. "The exception is that employees who want to participate in the flexible spending accounts for 2004 are required to enroll each year, so they must make that election during the enrollment period."

## \$500 benefit credit for 2004

Napier reminds employees they must designate the use of the \$500 benefit credit for next year through the enrollment system, even if they do not want to change any elections.

"Employees who do not designate the use of the \$500 credit for 2004 will not have another opportunity to do so, and they will not receive the credit for next year," he says.

## BenefitPlans 2004

### Prescriptions, PPOs, HMOs

Employees will notice medical-premium increases that will take effect in January of next year. As with medical plans across the county, TVA's health-care expenses are increasing rapidly. The increases are primarily due to higher costs — and greater use — of prescription drugs.

Premiums for the self-funded preferred-provider-organization medical plans are increasing, in addition to the increases set by the insured health-maintenance organization plans.

"HMO plans were once the less-expensive choices for employees nationwide," Napier says. "But the double-digit cost increases in healthcare have caught up with HMOs, as well, and our vendors have raised the premiums for 2004."

The CIGNA HMO will implement a change in January 2004 that will no longer require referrals to specialists from primary-care physicians. CIGNA enrollees will be able to make appointments directly with specialists participating in the HMO without getting referrals from their primary-care physicians. The United Healthcare HMO does not require referrals.

### PPO prescription copay changing

Employees will see an increase in their prescription-drug copayments under the PPO options, beginning in January.

Here's what the changes look like:

	Retail <small>(up-to-30-day supply)</small>	Home-delivery <small>(up-to-90-day supply)</small>
<b>Generic</b>	You pay \$9	You pay \$18
<b>Brand</b>	You pay \$16	You pay \$36

Personalized open-enrollment packages will be mailed to employees at their work locations by Nov. 3.

Employees who have not received their packages by Nov. 12 should call TVA's Employee Service Center to request replacement packages.

— BECKY THOMASON

## Ten years of TVA cultural change . . .

The challenges outlined in TVA's Strategic Plan (see article on page 1) may appear daunting to some. Just 10 years ago, some may have thought changing the culture at TVA was a daunting task — maybe even impossible.

However, as shown below, a comparison of employees' responses from the 1993 Employee Survey with the 2003 CHI results shows notable improvements in most areas, indicating progress in changing the culture at TVA.

This is good news — particularly since one of TVA's Critical Success Factors is "Shape the Culture to model TVA's values."

"By focusing on the blue chips — on what is important — TVA employees have shown nothing is impossible, says Star 7 Senior Program Manager Bill Thompson.

"By focusing on the blue chips of the future, as outlined in TVA's Strategic Plan, I know TVA employees will once again prove that we can achieve great things and nothing is impossible."

Here are TVA's cultural-improvement results:

### What a difference a decade makes . . .

If you think nothing ever changes, take a look at the Cultural Improvement Results below, comparing employees' responses from the 1993 Employee Survey to the 2003 Cultural Health Index results. Notable improvements can be observed in most areas, indicating progress in changing the culture at TVA.

1993 Employee Opinion Survey	% favorable	2003 CHI Survey	% favorable	Difference
Overall, how would you rate TVA as an employer?	34%	I would recommend TVA as a place to work.	83%	+ 49%
I believe what senior management tells us.	21%	I can trust what I hear from TVA.	61%	+ 40%
I am proud to tell people I work for TVA.	48%	I am proud to work at TVA.	88%	+ 40%
I believe TVA has a bright future.	32%	I feel good about the future of TVA.	66%	+ 34%
Organizations within TVA work well together.	29%	TVA performs well as a team.	62%	+ 33%
To what extent do you understand how the work you do fits into TVA's vision and values?	39%	I have clear line of sight through my organization's performance plans to TVA's strategic objectives and CSFs.	70%	+ 31%
Sufficient effort is made to get the opinions and perspectives of people who work here.	33%	I know my ideas and opinions are considered when decisions are made.	63%	+ 30%
My job responsibilities are clearly defined.	57%	I know what is expected of me on the job.	85%	+ 28%
Please rate your immediate supervisor on developing subordinates.	36%	My supervisor takes an active interest in my growth and development.	64%	+ 28%
How would you rate your immediate workgroup in working together as a team?	64%	My workgroup performs well as a team.	87%	+ 23%
Overall job satisfaction.	62%	Overall, I am satisfied with my job.	80%	+18%
My immediate supervisor gives me enough feedback about my performance throughout the year.	50%	My supervisor takes time often enough to talk to me about my progress on the job.	65%	+ 15%
I find my job interesting and challenging.	74%	I am challenged and excited by my work.	77%	+ 3%

### . . . and they were here to see it happen

Inside TVA asked a couple of employees what changes they have seen in the TVA work culture since they came to work.

Both of these employees came to TVA about the time of the 1993 Employee Survey. Here is what they said:

**Rosanne Sietins**, COO Human Resources Consultant in Nashville: "I know my ideas and opinions are considered at work. I'm proud to work for TVA, and I'm encouraged by the changes I've seen in the past 10 years."

**Johnny Taylor**, Unit Operator at Kingston Fossil Plant: "TVA's leadership has been significant to my overall growth by helping me develop an individual plan to accomplish my goals for the future."

## TVA Board approves \$22.5 million for TVARS

The TVA Board has approved a contribution of about \$22.5 million to the TVA Retirement System for fiscal year 2004.

The Retirement System's rules provide that the TVARS Board of Directors, upon information provided by its independent actuary, shall determine annually the rate at which TVA should contribute to the system.

Based upon the valuations provided by the Retirement System's actuary, the TVARS Board determined a contribution by TVA for the upcoming fiscal year of 2.66 percent of payroll — or about \$22.5 million — is appropriate under the system's rules.

Following the TVARS Board's determination, the TVA Board approved the contribution to the system in that amount.

# Peer partnering boosts efficiencies

**S**upport. Mentor. Partner. These are three reasons-to-be for the Chief Operating Officer Administrative Peer Team. And since its formation in 1999, the team's members have dedicated themselves to finding the best ways to help the more than 500 clerical employees in the COO organization.

"Our goal when we started was to standardize administrative functions such as the Correspondence Tracking System and calendars," says Jeanine May, COO Senior Staff Assistant and Chair of the COO Administrative Peer Team. "Since then, we broadened our focus and began partnering with Information Services, the TVA University Administrative Learning Team and other groups to share information and work together to not overlap our projects."

The Peer Team consists of members from the COO organizations — Bulk Power Trading, the Fossil Power Group, Operations Support, Outage Planning & Execution, Performance Initiatives, Power Resources & Operations Planning, River System Operations & Environment, Transmission/Power Supply and TVA Nuclear — as well as from IS, Procurement and Customer Service & Marketing.

The Executive Sponsor — Ron Loving, Senior Vice President of Outage Planning & Exe-

cution — says the team is a great example of leadership in doing the right things for TVA.

"The work of the team will make TVA more efficient, reduce costs and improve every aspect of how we do our jobs," he says. "The team members represent an important group of professionals. They do a wonderful job for TVA, and it's a pleasure to work with them."

May says Loving is a wonderful mentor and supporter, which is what the team wants to provide for other employees.

"Our next focus is to look at ways to open up career paths for those who want to move up in the COO organization," she says. "We want to make sure current employees who are interested in moving to a higher level have the training and mentoring they need to advance."

The team developed a COO staff-augmentation process for clerical personnel and now has a standard form for requesting temporary support.

"Our goal was to have a standard process for identifying ways we are using temporary clerical personnel," May says. "We want to use them in the most efficient and cost-effective manner."

The Peer Team also assisted IS with its Functional Application Profiles for identifying software, so COO clerical employees would have the right tools to do their jobs.



NANCY CANN

*Ron Loving, Jeanine May (standing) and Judy Sutton of Operations Support check information compiled by the Chief Operating Officer Administrative Peer Team.*

The team now is developing an attrition plan to fill the gaps as employees retire or move to other positions.

"We realized we couldn't fill all our needs from within TVA," May says. "So we've identified the gaps and opportunities and are developing a plan to bring administrative-level employees into TVA." — NANCY CANN (This is the second in a series of articles about Peer Teams in the Chief Operating Officer's organization.)

## Magazine offers new chance to vote for TVA Act

**T**he cover article in the Sept. 22 *U.S. News* included the Tennessee Valley Authority Act as one of the "100 Documents That Shaped America." The magazine examined 100 documents that most define America as a nation of ideas and ideals.

*U.S. News* also invited people to vote on what they believe are the "10 documents that best define who we are as a people and what our nation stands for."

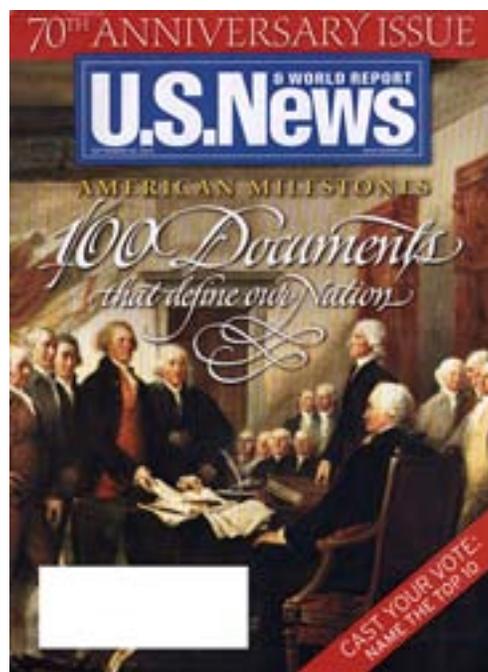
TVA was included in the 1901-1950 section, along with the Social Security Act, the United Nations Charter and the 16th Amendment to the U.S. Constitution: Federal Income Tax.

Through The People's Vote, *U.S. News* invited online readers to vote on which documents they think were the most influential in American history.

Votes can be cast through Dec. 1, according to the U.S. News voting site.

To vote, go to [www.usnews.com](http://www.usnews.com), then click on the "The People's Vote."

People can vote online, or they can print a ballot and mail it. The address is included on the printed ballot. — NANCY CANN



## Martin wins 'Employee of Year' award

**Stacie Sparks Martin**, an IT Information Assurance Specialist in Knoxville, won an Employee of the Year Award last month at the 3rd Annual Awards Luncheon of the Southeast Tennessee



**Stacie Sparks Martin**

Placement Consortium in Chattanooga. TVA is a member of the consortium, made up of nonprofit agencies that serve people with disabilities and work together to promote the employment of people with disabilities. Martin was nominated by Lynn Finnell, Rehabilitation Counselor at the University of Tennessee at Chattanooga. October is National Disability Employment Awareness Month.

## PEOPLE, PLAUDITS & PROMOTIONS



**Ron Rogers**

Former Transmission/Power Supply employee **Ron Rogers** has been named Vice President of Transmission Operations & Maintenance. Rogers, who retired from TVA in 1999, is scheduled to begin his new assignment Oct. 20. He succeeds Tom Hancock, former VP of TOM, who retired earlier this year. Rogers has 27 years of experience in TVA's transmission organizations.

Since his retirement about four years ago, Rogers has worked for MESA & Associates Inc., a Chattanooga-based engineering firm.

**David Hall**, who assumed TOM VP duties on a rotational assignment, will return to his position as Electric System Projects VP.

**Sheliah Baker**, now serving as Acting VP of ESP, will return to her position as Manager of Project Support Services in that organization.

**David Stewart** has been named Operations Manager at Gallatin Fossil Plant. He succeeds Ronnie Vineyard, who is retiring Oct. 10, after 29 1/2 years with TVA. Stewart, who has been serving as Shift Operations Supervisor, has more than 30 years of power-plant experience with TVA. He completed the SGPO training program at Gallatin and has more than 19



**David Stewart**

years' supervisory experience. He also has worked at Johnsonville and Paradise fossil plants.

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*Work-crew foremen meet daily in the afternoon to review the status of work and plan the next day's activities.*



*Laborers Johnny Barnwell (left) and Billy Cole sweep and clean the turbine-deck overhead crane.*



*Outage Coordinator David Wilson (right) shows Planning & Scheduling Coordinator James Moore a list of work items to be included in planned outages. Walls in Moore's office are covered with planning tools to coordinate work needed by TPS, Engineering and the Power Service Shops.*

## Here is additional coverage of the “day in the life” of employees at Wilson Hydro Plant.



*Maintenance Mechanic/Machinist Terry Dawson (above) and Hydro Technician Level II Wiley Thompson (below) are flushing out piping while investigating a low-flow indication on seal water for Wilson Unit 6.*



*Shoals Electric workers Marcus Davis (left) and Frankie Tubbs cut, thread and bend conduit needed for installing lighted exit signs and emergency lighting. One lesson learned following the fire at Watts Bar Hydro was the need for modern exit signs and other safety upgrades at some of TVA's older plants.*



*Plant Manager Mike Jones (left) and Assistant Plant Manager Kevin York join other plant management in a teleconference that includes their Southwestern Area counterparts at Kentucky, Guntersville, Wheeler and Pickwick dams. “Sharing information is a continuous process,” Jones says. This discussion focuses on the plants' status and significant work, as well as initiatives in human-resource management.*

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**Here are additional photos from the Oct. 1 employee meeting on TVA's draft Strategic Plan.**

